

UNNUMBERED LETTERS ISSUED FOR THE MONTH OF JULY 2003

Dated	Subject	Distribution
07-01-03	Financial Management Division Reviews Fiscal Year 2004	S/D
07-02-03	Interest Rates for Community Facilities	S/D, D/D, C/S
	Interest Rates for Water and Waste Disposal Loans, Watershed Protection and Flood Prevention Loans, and Resource Conservation and Development Loans	S/D, D/D, C/S
07-18-03	Results of the 2003 Multi-Family Housing Annual Fair Housing Occupancy Report	S/D
07-22-03	Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)	S/D, D/D, C/S
07-23-03	The Money Smart Program	S/D
	New USDA Form for Grant Applicants and Faith- and Community-Based Success Stories	S/D
07-24-03	Rural Development Administrative Notices	N.O.Officials
07-25-03	Administrative Budget Teleconference	S/D
	Administrative Budget Teleconference	N.O.Officials
07-30-03	Interest Rates for Fourth Quarter	S/D
	Obligation of Section 502 Direct Loans Subject To Appraisal	S/D
07-31-03	Intermediary Relending Program/Rural Development Loan Fund Program Annual Employment Report	S/D

July 1, 2003

SUBJECT: Financial Management Division Reviews
Fiscal Year 2004

TO: All Rural Development State Directors

ATTN: Management Control Officers

The Financial Management Division (FMD) has scheduled reviews of the state's management control program, collections, Federal Managers' Financial Integrity Act (FMFIA) implementation, and the handling of audits, investigations, and hotline complaints. The reviews will be conducted by the FMD staff.

The states scheduled for on-site reviews in FY 2004 are as follows:

Alabama	October 20-24, 2003
Louisiana	November 3-7, 2003
Puerto Rico	December 1-5, 2003
Hawaii	April 26-29, 2004
Nevada	May 24-28, 2004
Montana	August 9-13, 2004
Michigan	September 20-24, 2004

Please note that these review dates are tentative and alternative dates may need to be selected to accommodate business-related commitments. FMD will notify each state approximately 60 days in advance of the scheduled on-site review with information related to the review. You will be informed of the individuals who will be conducting the review, the entrance and exit conference dates and times, and the files and information that will be reviewed. FMD will also request assistance with hotel information.

In addition to the on-site reviews listed above, FMD will also be conducting desk reviews of the following states in FY 2004:

Alaska	November 17-21, 2003
Kansas	January 12-16, 2004
Nebraska	March 17-21, 2004

EXPIRATION DATE:
July 1, 2004

FILING INSTRUCTIONS:
Administrative/Other Programs

FMD will contact these states with the necessary arrangements to complete the desk reviews.

If you have any questions, please call John Purcell, FMD, at (202) 692-0082.

Signed by/SHERIE HINTON HENRY

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

Sent by electronic Mail 7/1/03 at 11:30a.m. by FMD.

July 2, 2003

SUBJECT: Interest Rates for Community Facilities

TO: Rural Development State Directors,
Rural Development Managers,
and Community Development Managers

Effective from July 1, 2003, through September 30, 2003, the interest rates for direct community facility loans are as follows:

Poverty Line.....unchanged at.....	4.500%
Intermediate....decreased to.....	4.375%
Market.....decreased to.....	4.250%

For this quarter, all loans may be obligated and closed at the market rate. Please notify appropriate personnel of these rates.

(Signed by Arthur A. Garcia)

ARTHUR A. GARCIA
Administrator
Rural Housing Service

Sent by Electronic Mail on 07-02-03 at 11:20 a.m. by PAD.

EXPIRATION DATE:
September 30, 2003

FILING INSTRUCTIONS:
Administrative/Other Programs

July 2, 2003

SUBJECT: Interest Rates for Water and Waste Disposal
Loans, Watershed Protection and Flood
Prevention Loans, and Resource Conservation
and Development Loans

TO: Rural Development State Directors,
Rural Development Managers,
and Community Development Managers

Effective from July 1, 2003 through September 30, 2003, the interest rates for Water and
Waste Disposal Loans are as follows:

Poverty Line...unchanged at.....4.500%
Intermediate...decreased to4.375%
Market.....decreased to4.250%

For this quarter, all loans may be obligated and closed at the market rate. Also, the rate
for Watershed Protection and Flood Prevention Loans and Resource Conservation and
Development Loans is as follows:

CURRENT RATE	NEW RATE
4.625%	4.250%

Please notify appropriate personnel of these rates.

(Signed by Hilda Gay Leggs)

HILDA GAY LEGG
Administrator
Rural Utilities Service

Sent by Electronic Mail on 07-02-03 at 2:50 p.m. by PAD.

EXPIRATION DATE:
September 30, 2003

FILING INSTRUCTIONS:
Administrative/Other Programs

July 18, 2003

TO: State Directors
Rural Development

ATTN: Multi-Family Housing Program Directors

FROM: Arthur A. Garcia *(Signed by Carl Wagner)* for
Administrator
Rural Housing Service

SUBJECT: Results of the 2003 Multi-Family Housing Annual Fair
Housing Occupancy Report

Attachment C contains the 2003 Annual Occupancy Reports for Multi-Family Housing (MFH), including both Rural Rental Housing (RRH) and Farm Labor Housing (FLH) tenant demographics. These results are based on January 2003 data from the Multi-Family Information System (MFIS).

You will notice that most of the statistics have changed slightly since the last survey conducted in 2002 and some new data has been made available for 2003. The highlights of this year's data include:

- The total number of rental properties in the MFH portfolio for 2003 is 17,287, a 3.7 percent decrease compared to 2002. The total number of MFH portfolio rental units consists of 464,604, yielding 93 percent unit occupancy for the portfolio for 2003.
- The disabled and handicapped total tenant population increased by 18,600 households, bringing the total tenant population for disabled and handicapped to 89,441 for 2003, an 8 percent increase over 2002 totals.
- The total number of race/ethnic tenants who by definition are minorities has increased by 2,922 from 117,505 in 2002 to 120,427 by 2003. This increase can be attributed in part due to the new methodology and accuracy for which data is being gathered for reporting.
- The percentage of White, Non-Hispanic tenants represent 72 percent of the total race/ethnic tenant population, Black, Non-Hispanic tenants represent 17 percent, Asian, Pacific Islander tenants represent .3 percent, American Indian, Alaskan Native represent 1.1 percent and Hispanic/Latino tenants represent 8.7 percent.
- Tenants with very low incomes increased from 394,799 in 2002, to 400,100 by 2003, an increase of 2.1 percent from last year. Tenants with very low incomes represent 93 percent of the total tenant household income, and tenants with low incomes represent 5.8 percent of the total tenant household income. The average tenant adjusted income for 2003 was \$9,365, an increase of \$1,260 over 2002 income. The average tenant rental assistance income for 2003 was \$7,311, an increase of \$854 over last year's figures.

EXPIRATION DATE: August 31, 2004

FILING INSTRUCTIONS:
Housing Programs

- Single female heads-of-household constitute 74 percent of total heads-of-household and single male heads-of-household constitute 26 percent. Multi-person female heads-of-household constitute 71 percent of total multi-person households, and multi-person male heads-of-household represent 30 percent.

The proportion of disabled and handicapped tenants whom, by definition, are considered eligible to occupy elderly housing increased 18,600 in 2003, while the tenants whom by definition are considered elderly decreased by 20,933. Although these numbers may appear to be a considerable fluctuation from last year's 2002 numbers, this change is mainly attributed in the way the data is being collected and reported.

In addition, this year, MFH is able to make available for the first time new statistical data that was not available last year. This year, we were able to obtain statistical data on the make-up of household members, and the categories were 493,436 tenants and co-tenants, 231,379 minors, 15,323 handicapped, 3,265 full-time students and 753 foster care. Also new for this year, we have added the breakdown of bedrooms in the MFH portfolio. There are a total of 464,604 units in our portfolio with 50.6 percent consisting of 1-bedroom units, 42.4 percent consisting of 2-bedroom units, 6.4 percent consisting of 3-bedroom units, .55 percent consisting of 4-bedroom units, and .02 percent consisting of 5-bedroom units.

Attachment B contains two categories of occupancy statistics. The first category documents the type of tenant subsidy received by each tenant household. The second category documents the extent that tenant households experience rent overburden. Rent overburden occurs when a tenant household contributes more than 30 percent of its adjusted income for shelter costs. You will notice the number of tenants receiving rental assistance subsidy make up 58 percent of the total tenant subsidy. This is an increase of 3 percent compared to last year's total. Tenants that are rent overburdened fall into three categories: 40.4 percent fall between 30-40 percent overburdened, 22.1 percent fall between 41-50 percent overburdened, and 37.6 percent are 51 percent and greater than overburdened. As always, we will continue to work on additional reports from our automation systems to make more data of this type available.

We would like to thank both you and your staff for helping to make this data project a success for the year 2003.

A copy of this report can be obtained by contacting Ancil Green, (202) 690-0760.

Attachments

MULTI-FAMILY HOUSING OCCUPANCY
STATISTICS REPORT FOR
MAY 2003

- ADJUSTED TENANT/ UNIT INCOME & VACANT UNIT SIZE.....1-9
- ELDERLY, HANDICAPPED, DISABLED & ELDERLY RACE DATA.....10-15
- NATIONAL ORIGIN/ RACE DATA.....16-18
- HOUSEHOLD MEMBERS & GENDER PERCENTAGE.....19-24
- INCOME LEVEL PERCENTAGE.....25-27
- STATE RENTAL ASSISTANCE INCOME.....28-30
- TENANT SUBSIDY& SECTION 8 TOTALS.....31-34
- OVERBURDENED TENANTS PERCENTAGE.....35-37

July 22, 2003

SUBJECT: Interest Rate Changes for Housing Programs
and Credit Sales (Nonprogram)

TO: Rural Development State Directors,
Rural Development Managers,
and Community Development Managers

ATTN: Rural Housing Program Director

The following interest rates, effective August 1, 2003, are changed as follows:

<u>Loan Type</u>	<u>Existing Rate</u>	<u>New Rate</u>
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ALL LOAN TYPES

Treasury Judgement Rate	1.130%	1.020%
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The current rate shown above is as of the week ending 06/27/2003. The actual judgement rate that will be used will be the rate for the calendar week preceding the date the defendant becomes liable for interest. This rate may be found by going to the Federal Reserve web site for the weekly average 1-year CMT yield (www.federalreserve.gov/releases/h15/data/wf/tcm1y.txt).

RURAL HOUSING LOANS

Rural Housing (RH) 502 Low or Moderate	5.750	5.375
Single Family Housing (SFH) Nonprogram	6.250	5.875

EXPIRATION DATE:
August 31, 2003

FILING INSTRUCTIONS:
Administrative/Other Programs

Rural Housing Site (RH-524), Non-Self-Help	5.750	5.375
Rural Rental Housing and Rural Cooperative Housing	5.750	5.375

Please notify appropriate personnel of these rates.

(Signed by Arthur A. Garcia)

ARTHUR A. GARCIA
Administrator
Rural Housing Service

Sent by Electronic Mail on 7/23/03 at 11:00 a.m. PAD.

July 23, 2003

TO: All State Directors
Rural Development

FROM: Arthur A. Garcia *(Signed by Arthur A. Garcia)*
Administrator
Rural Housing Service

SUBJECT: The Money Smart Program

The United States Department of Agriculture signed a Memorandum of Understanding with the Federal Deposit Insurance Corporation (RD Instruction 2000-RRR) on June 16, 2003 that established a partnership between the USDA Rural Housing Service and the FDIC Community Affairs Program. This partnership promotes FDIC's Money Smart Program as a tool to provide a financial education program for applicants and potential applicants for the Section 502 Single-Family Housing program. This partnership supports USDA's commitment to the President's effort to promote homeownership education and counseling as a means of increasing minority homeownership.

We recently completed a synopsis of the **Money Smart Training Program Survey** conducted in May 2003. We would like to share with you some of the innovative ways the program is being used and to address some of the concerns identified by the survey.

One of the more noteworthy findings of the survey was in the number of states using the program. The findings were as follows:

- 13 offices or 28% of states were using or had shared the **Money Smart Program** with partners.
- 5 offices or 11% of the states were planning to use certain sections of the program.
- 26 offices or 57% of the states were not using and had not shared it with partners.
- 2 offices or 4% did not respond to the question.

EXPIRATION DATE:
July 31, 2004

FILING INSTRUCTIONS:
Housing Programs

I want to commend those states that have used the program, however a large number of states have not used the program and have not shared it with partners. The **Money Smart Program** is a basic financial education program, however you should not view this as a negative and fail to take advantage of the potential uses of this program. Applicants and potential applicants represent a broad range of sophistication with regards to their finances. This program was initially designed to reach individuals with limited knowledge of the American financial system. Since many of these individuals are potential applicants and homeowners it is in our best interest to prepare them for homeownership. The state of Washington is using the program with their local schools and with Indian tribes. States, such as Arizona, California and Florida/Virgin Islands with large immigrant populations, have found it very useful as a teaching tool with immigrants.

Money Smart is not a replacement or a competition for homeownership education. If we are to be successful in our efforts to meet our minority homeownership goals we must use all available tools. At the recent Rural Housing Summit, many of our partners noted the usefulness of the Money Smart Program in reaching customers who may not be ready for homeownership education.

Some states expressed concern about the lack of time and resources needed to conduct the **Money Smart Program**. However, we have a great deal of flexibility on how we use the program including working with partners to conduct homeownership education programs. New York indicated in the survey that they were implementing the program as a part of a larger homeownership education program. Eight other states suggested that the program could be used by partner organizations as informal training when additional credit counseling is needed.

Some states also expressed concerns about the modules in the **Money Smart Program**. Please note that the program is a tool that is very adaptable. For example, many of the applicants and potential homeowners that we serve have no experience with a banking institution. This usually means no savings account or checking account and most likely no other banking experiences. Module 1 “Bank On It” would be an excellent source of educational material to provide to an applicant like this.

Learning to prepare a family budget is a very valuable skill and can be a vital key to successful homeownership. Module 4 “Money Matters” offer learning activities and educational materials that will assist in learning the importance of budgeting and the development of budgeting skills.

In my discussions with State Directors and field staff, you have told me that one of the greatest needs we face is the need for educating potential clients on credit worthiness. I know that many of our partners and local staff members provide directions to applicants as they attempt to correct their credit problems. Module 6 “Keep It Safe” and Module 7 “To your Credit” can be used as additional resource material to provide to applicants.

Many applicants could benefit from a better understanding of the tremendous responsibility of becoming a successful homeowner. We must keep in mind that our goal is not just to make loans to applicants but to help them become successful homeowners. Module 10 “Your Own Home” is one tool that can be used to facilitate this process.

Although there are 10 modules in the **Money Smart Program**, we are not required to use them all. There is no such thing as a "one size fits all" program when it comes to preparing potential applicants for home ownership.

Finally, I encourage states to continue to share their experience with this program. We will use the information you share with us to provide updates and more information to help us all make the best possible use of this and other tools.

Money Smart is one of many tools available to you, your field staff, and our partners to provide financial education to applicants. If you have questions about this program, call Ethen Gillespie in the Single Family Housing Direct Loan Division at (202) 720-1482.

July 23, 2003

SUBJECT: New USDA Form for Grant Applicants and
Faith- and Community-Based Success Stories

TO: Rural Development State Directors
Administrators
Deputy Administrators

FROM: Gilbert Gonzalez
Deputy Under Secretary
Policy and Planning
Rural Development

This is to inform you of a new requirement applicable to nonprofit grant applicants only. The **USDA Survey on Ensuring Equal Opportunity for Applicants** (copy enclosed) is a new form developed to assist the Federal government in ensuring that all qualified grant applicants, small or large, non-religious or faith-based, have an equal opportunity to compete for Federal funding. Information provided on this form will not be considered in any way in making funding decisions and will not be included in the Federal grants database. Henceforth, grant applicants that are nonprofit private organizations (not including private universities) are to complete and submit this form with their application. This form, also soon to be available online from the USDA eForms Web site listed as Form AD-1180, will be useful to you to track applications by faith-based and community organizations.

The President's Faith-Based and Community Initiatives expands our opportunity to reach deep within the rural communities we serve and offer greater assistance to address the everyday quality of life issue affecting local residents. To ensure that we meet the goals of the President's initiative, I ask that you provide me with a fiscal year-end report on project funding provided to faith-based and community groups no later than October 15, 2003. Forward reports electronically to Cheryl.gamboney2@usda.gov. Please use Excel (version 2002 or higher) and include the following grant and loan information:

1. Name of grant recipient or borrower
2. Name of faith-based or community group, if other than borrower
3. Location of project, town/county/state
4. Program type, such as housing, community facility, etc.
5. Total grant/loan
6. Leveraging source, such as matching funds for grants awards

New USDA Form for Grant Applicants and Faith- and Community-Based Success Stories

In addition, maintaining success stories that chronicle program efforts with faith-based and community organizations are beneficial in demonstrating Rural Development's role in delivering critical financial assistance at the grassroots level. On a continuing basis, please furnish success stories on projects that you determine are unique and will possibly assist others in learning how to really make the most out of partnering with Rural Development (format for success stories enclosed). Of particular interest are first time Rural Development grantees due to the message or education about the Faith-Based and Community Organizations Initiatives. It is not necessary to submit a success story for every project funded. Success stories are to be forwarded electronically to LAPAS.

To assist you in your outreach efforts, Ms. Juliet McCarthy, Director, USDA Office of Faith-Based and Community Initiatives, is preparing promotional material focusing on specific USDA programs, including Rural Development programs, that may be of interest to faith-based and community organizations. Copies of the promotional material will soon be available and forwarded to you electronically. Inquiries regarding Faith-Based and Community Initiatives should be directed to Ms. Juliet McCarthy, (202) 720-2552 or Juliet.mccarthy@usda.gov.

Enclosures

FORMAT FOR SUCCESS STORIES

Outline Of Need: *This section should be **no more than one or two sentences** outlining the issues brought to Rural Development.*

How Rural Development Helped: *This section should be an explanation of what assistance was provided to help resolve the problem outlined in the first section. **It should be no more than two short paragraphs.***

The Results: *This section is where you explain what impact the Rural Development assistance had on the quality of life of either a community or an individual. Construction of a new facility, or financing of a new home, or water system, in and of itself should not be considered a success. It is the impact beyond the loan and grant making which should be highlighted. For instance, “Since Mr. Jones received the loan to expand his existing business, he has generated 60 new clients, increased production in his manufacturing company by 20% and has hired 10 additional employees”, or “Since Mrs. Jones received a housing repair loan, which allowed her to fix her roof and install energy efficient window, she has cut her monthly energy cost by ?% and can now begin to provide her grandchildren she is raising, new clothes and lunch money”, or “Since the community of Vandalia received a water loan, 21 new business have relocated to the area and created 5,000 new jobs”*

*Somehow we need to capture how the recipient is better off due to the assistance given through the various Rural Development programs. **This section should be no more than two paragraphs.***

All success stories which are published or placed on internet web sites must be reviewed periodically to insure that the success is still relevant. The review should be conducted, at a minimum of every six months. The person most directly responsible for developing the information on the success story, should conduct the periodic review.

3/2/01



SURVEY ON ENSURING EQUAL OPPORTUNITY FOR APPLICANTS

Do not enter information below unless instructed to do so.

OMB No. 0503-0006 Exp. 4/30/2006

Purpose: This form is for applicants that are nonprofit private organizations (not including private universities). Please complete it to assist the Federal government in ensuring that all qualified applicants, small or large, non-religious or faith-based, have an equal opportunity to compete for Federal funding. Information provided on this form will not be considered in any way in making funding decisions and will not be included in the Federal grants database.

Instructions for Submitting Survey

If submitting hard copy, please place the completed survey in an envelope labeled "Applicant Survey." Seal the envelope and include it with your application package.

If submitting electronically, please include the PR Award Number assigned to your e-application in the box above entitled "*Do not enter information below unless instructed to do so.*"

1. Does the applicant have 501(c)(3) status?

☐

Yes

☐

No

2. How many full-time equivalent employees does the applicant have? (Check only one box).

☐

3 or Fewer

☐

15-50

☐

4-5

☐

51-100

☐

6-14

☐

over 100

3. What is the size of the applicant's annual budget? (Check only one box.)

☐

Less Than \$150,000

☐

\$150,000 - \$299,999

☐

\$300,000 - \$499,999

☐

\$500,000 - \$999,999

☐

\$1,000,000 - \$4,999,999

☐

\$5,000,000 or more

4. Is the applicant a faith-based/religious organization?

☐

Yes

☐

No

5. Is the applicant a non-religious community-based organization?

☐

Yes

☐

No

6. Is the applicant an intermediary that will manage the grant on behalf of other organizations?

☐

Yes

☐

No

7. Has the applicant ever received a government grant or contract (Federal, State, or local)?

☐

Yes

☐

No

8. Is the applicant a local affiliate of a national organization?

☐

Yes

☐

No

Survey Instructions on Ensuring Equal Opportunity for Applicants

1. 501(c)(3) status is a legal designation provided on application to the Internal Revenue Service by eligible organizations. Some grant programs may require nonprofit applicants to have 501(c)(3) status. Other grant programs do not.
2. For example, two part-time employees who each work half-time equal one full-time equivalent employee. If the applicant is a local affiliate of a national organization, the responses to survey questions 2 and 3 should reflect the staff and budget size of the local affiliate.
3. Annual budget means the amount of money your organization spends each year on all of its activities.
4. Self-identify.
5. An organization is considered a community-based organization if its headquarters/service location shares the same zip code as the clients you serve.
6. An “intermediary” is an organization that enables a group of small organizations to receive and manage government funds by administering the grant on their behalf.
7. Self-explanatory.
8. Self-explanatory

Paperwork Burden Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is **0503-0006**. The time required to complete this information collection is estimated to average five (5) minutes per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. **If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to:** U.S. Department of Agriculture, OBPA, 1400 Independence Avenue, SW, Washington, D.C. 20250. **If you have comments or concerns regarding the status of your individual submission of this form, contact the:** U.S. Department of Agriculture local program office serving your area.

July 24, 2003

SUBJECT: Rural Development Administrative Notices

TO: National Office Officials

This memorandum is to reiterate policy that currently exists for the use of Administrative Notices (ANs) which can be found in RD Instruction 2006-A and 2006-D. ANs may be used to make temporary clarifications to existing instructions. They **are not to be** used for policy changes and **are not to be** reissued year after year. ANs that have reached their expiration date are removed from the Rural Development Instruction web site (<http://rdinit.usda.gov/regs/>) and should be discarded or filed in the obsolete manual by the field, as they are no longer effective. Expired ANs should not be referenced for any reason. The program area should not be advising the field to use expired ANs because they are no longer a part of the current Instruction.

If an AN still contains valid information after its expiration date, it needs to be incorporated into the Instruction by the appropriate program office. ANs are given a life cycle of one year or less. This is to allow time for the writer to incorporate any continuing information into the actual Instruction. The program area can verify whether an AN has expired by viewing the report entitled, "Administrative Notices Expired, Replaced, or Rescinded." This report is released every quarter on a Procedure Notice and can be found on the Rural Development Instruction web site at <http://rdinit.usda.gov/regs/an/exan.pdf>.

Effective immediately, the Regulations and Paperwork Management Branch (RPMB) will start enforcing the policies mentioned above. When RPMB notices that an AN is reoccurring, it will be noted on Form RD 2006-6, "Clearance and Routing of Rural Development Issuance." If the same AN comes back again the following year for approval, it will need to include a justification why it is reoccurring for another year and will need to be approved through the Deputy Administrator for Operations and Management (DAOM). The program areas will be given one year to adjust to this process.

EXPIRATION DATE:
July 31, 2004

FILING INSTRUCTIONS:
Administrative/Other Programs

Effective on June 30, 2004, **any** AN which comes through for review and is reoccurring from the previous year will require the justification and DAOM approval as mentioned above.

If you have any questions regarding this issue, please feel free to call Jeanne Jacobs, Chief, RPMB, at 692-0040.

(Signed by Sherie Hinton Henry)

SHERIE HINTON HENRY
Deputy Administrator
for Operations and Management

Sent by e-mail on 07-24-03 at 10:30 am by SSD.

July 25, 2003

SUBJECT: Administrative Budget Teleconference

TO: Rural Development State Directors

ATTN: Administrative Program Directors

A teleconference has been scheduled for **Tuesday, July 29, 2003, from 2:00 p.m. to 3:30 p.m. EST**. To connect to the teleconference, please call **202-554-1742**. The access code is 5260 followed by the pound (#) sign. A limited number of lines have been made available for this call, so please maximize the number of employees calling from each location.

The purpose of the teleconference is to discuss issues related to the FY 2003 administrative budget and year-end close issues. All State personnel who perform work on administrative budgets and/or FFIS area are encouraged to participate.

If you have issues that you would like to have addressed, please send your **requests no later than COB Monday July 28, 2003**, to deborah.watt@usda.gov. Issues relating to FFIS may be sent to the Fiscal Control Branch at fcf@stl.rural.usda.gov. Due to time constraints, we may not be able to address specific questions regarding your State that do not pertain to the mission area as a whole.

Please call Deborah Watt at 202-692-0124 if you have any questions regarding the teleconference.

(Signed by Deborah B. Lawrence)

DEBORAH B. LAWRENCE
Director
Budget Division

Attachment

EXPIRATION DATE:
July 31, 2003

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by Electronic Mail on 07/28/03 at 3:00 p.m. by BD.

**RURAL DEVELOPMENT
BUDGET DIVISION
TELECONFERENCE**

AGENDA

PARTICIPANTS:

- Budget
- FCB
- SMB
- States

ANNOUNCEMENTS:

- Year-end

ISSUES:

- Reimbursement Agreements / I-Bill
- Obligations
- Lapse

E-MAIL RESPONSES (that impacts mission area)

ROLL CALL / QUESTIONS

July 25, 2003

SUBJECT: Administrative Budget Teleconference

TO: National Office Officials

A teleconference has been scheduled for **Wednesday, July 30, 2003, from 10:00 a.m. to 11:30 a.m. EST**. The Teleconference Center in **Room 1605-S** has been reserved for use by employees in the South Building and the Whitten Building in Washington, DC. Only employees at other locations may dial into the teleconference by calling **202-554-1742**. The access code is 5261 followed by the (#) sign. A limited number of lines have been made available, so employees are urged to maximize the number of employees calling from each location to ensure access for everyone who wants to attend.

The purpose of the teleconference is to discuss issues related to the FY 2003 administrative budget and year-end close issues. All National Office personnel who perform work on administrative budgets and/or FFIS are encouraged to participate.

If you have issues that you would like to have addressed, please send your requests **no later than COB Monday, July 28, 2003**, to Deborah Watt at deborah.watt@usda.gov. Issues relating to FFIS may be sent to the Fiscal Control Branch at fcf@stl.rural.usda.gov. Due to time constraints, we may not be able to address specific questions regarding your area that do not pertain to the mission area as a whole.

Please call Deborah Watt at 202-692-0124 if you have any questions regarding the teleconference.

(Signed by Deborah B. Lawrence)

DEBORAH B. LAWRENCE
Director
Budget Division

Attachment

EXPIRATION DATE:
July 31, 2003

FILING INSTRUCTIONS:
Administrative/Other Programs

Sent by Electronic Mail on 07/28/03 at 3:02 p.m. by BD.

**RURAL DEVELOPMENT
BUDGET DIVISION
TELECONFERENCE**

AGENDA

PARTICIPANTS:

- Budget
- FCB

ANNOUNCEMENTS:

- Year-end

ISSUES:

- Reimbursement Agreements / I-Bill
- Obligations
- Lapse

E-MAIL RESPONSES (that impacts mission area)

ROLL CALL / QUESTIONS

July 30, 2003

TO: State Directors
Rural Development

ATTN: Managers Responsible for Community
Facilities Programs

FROM: James C. Alsop *(Signed James C. Alsop)*
Deputy Administrator
Community Programs

SUBJECT: Interest Rates for Fourth Quarter

The Community Facilities (CF) interest rates for the fourth quarter is 4.25 percent, which is below the poverty rate. This memorandum is to provide basic guidelines for CF interest rates for the fourth quarter of fiscal year (FY) 2003. These guidelines apply to CF only; Rural Utilities Service Water Programs will issue separate guidance.

Automated Systems

The Guaranteed Loan System (GLS) and Automated Data Processing System/Program Loan Accounting System are the only systems in which States must make interest rate changes. All other automated systems do not apply to CF for this issue. As a reminder, all Rural Community Facilities Tracking System (RCFTS) data has been converted to GLS; therefore, updating data in RCFTS is unnecessary.

Current Year Obligations

All applicants whose loans were obligated this fiscal year and closed in the fourth quarter will have the option of the lower rate. If the applicant wants the lower rate, the loan must be deobligated and reobligated through GLS. The State Office will deobligate, which is an overnight transaction, then reobligate. A new obligation date will be received, which will include the 6-day reservation period. Closing paperwork will then be submitted to the Finance Office. If the loan must be closed in a short period of time, the State Office can close and the Finance Office will correct the type of rate after the transaction is complete. This will avoid delays in closings.

EXPIRATION DATE:
September 30, 2003

FILING INSTRUCTIONS:
Administrative/Other

Prior Year Obligation

If loans are to be closed in the fourth quarter that were from prior year obligations, the field office can process the deobligation through GLS. After the deobligation processes, the Finance Office will reobligate the loan at the new rate. This will ensure funds are retained in your State account. **The deobligation and reobligation must occur within the same month or funds will be swept out of the account.** The category and interest rate must be corrected and the Finance Office must change the status/funding stage to “300 Application” in GLS prior to reobligation. The original Form RD 1940-1 (with adjustments notated) can be faxed to the Finance Office for reobligation. If the deobligation is processed after the 20th of the month and the reobligation is faxed after the 20th of the month, the Finance Office may not be able to process the reobligation within the month, which could result in the loss of funds. Note that the date is moved to the 15th of September at the end of the fiscal year. Proceed with loan closing after reobligation is complete. The attached fax cover sheet must be used to ensure the process is handled correctly. Fax all reobligation information to the attention of Stephan Constantinides, fax number 314-457-4284. You may contact Stephan if you have any questions. His telephone number is: 314-457-4062.

Combination Loans and Grants

Combination loans and grant obligations do not have to be processed separately. CF does not have this restriction.

Loans and/or Grants with Funds Advanced

The Finance Office will process all deobligations and reobligations for loans and/or grants where funds have been disbursed. State Offices should fax the cover sheet and all deobligation and reobligation information to Stephan Constantinides at the number listed above.

This guidance is for the fourth quarter of FY 2003 only. Further guidance will be distributed for FY 2004 when interest rates change. If you have questions on specific issues, you may contact the CP Division, 202-720-1490.

Attachment

CF

INTEREST RATE ADJUSTMENT

USDA
Rural Development

Fax

To: DCFO, Direct Loan & Grant Branch
Attn: Stephan Constantinides

From:

Fax: 314-457-4284

Pages:

Phone: 314-457-4062

Date: 8/1/2003

Re:

(enter customer name)

Action Required:

☐ De-obligate

☐ Re-obligate

☐ Both

● Comments: Please contact the following State Office employee if you have any questions about this request:

State:

Contact Name:

Phone Number:

Check list:

- ☐ GLS is ready for DCFO action.
- ☐ Interest rate has been modified in ink on the 1940-1, and modifications have been initialed by the person who made them.
- ☐ Form RD 1940-1 "Request for Obligation" is attached to this cover sheet.

July 30, 2003

TO: State Directors
Rural Development

ATTENTION: Single Family Housing Program Directors

FROM: David J. Villano *(Signed by David J. Villano)*
Deputy Administrator
Single Family Housing

SUBJECT: Obligation of Section 502 Direct Loans Subject To Appraisal

This unnumbered letter grants you the temporary authorization to approve and obligate (these actions should coincide) Section 502 direct loans for both low and very low-income applicants subject to the completion of an acceptable appraisal. This authorization will be in effect from the date of this letter through September 30, 2003.

When obligating Section 502 direct loans without an appraisal, Form RD 3550-7, "Mortgage Loan Commitment", must contain the following language under the "Additional Required Items or Conditions" on page 2 for the applicant's review and acceptance by signature:

"This commitment is contingent upon USDA, Rural Development obtaining an acceptable appraisal that adequately secures the loan and meets the requirements of 7 CFR Part 3550, Section 3550.62."

All loans obligated under this authorization must be for allowable loan purposes and the applicants must meet all eligibility criteria. Before closing the loan, the appraisal must be obtained and reviewed in accordance with 7 CFR Part 3550.

EXPIRATION DATE:
September 30, 2003

FILING INSTRUCTIONS:
Housing Programs

State Directors are responsible for maintaining a record of all loans obligated subject to an appraisal during this authorization period. The State's Housing Staff is responsible for conducting post reviews to ensure that acceptable appraisals were completed within a reasonable amount of time after the obligation and prior to loan closing.

This authorization is not a permanent entitlement. However, it was deemed appropriate this fiscal year since we were operating under continuing resolutions until late February.

If you have any questions regarding this memorandum, please contact Brooke Baumann of the Single Family Housing Direct Loan Division at (202) 690-4250.

July 31, 2003

SUBJECT: Intermediary Relending Program/
Rural Development Loan Fund Program
Annual Employment Report

TO: State Directors, Rural Development

ATTN: Business Program Managers

The memorandum is to provide additional guidance on obtaining the annual employment reports for intermediaries.

RD Instruction 1951-R, section 1951.883(a)(3), states: Intermediaries must submit an annual report which includes: "An annual report on the extent to which increases in employment, income and ownership opportunities are provided to low-income persons, farm families, and displaced farm families for each loan made by such intermediary." Please remind the intermediaries of this requirement.

If you have any questions concerning this matter, please contact Kenneth Hennings, Branch Chief, Specialty Lenders Division Servicing Branch, (202) 690-3809.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs

EXPIRATION DATE:
September 30, 2003

FILING INSTRUCTIONS:
Preceding RD Instruction 1951-R